

WHITING COMMUNITY SCHOOL DISTRICT

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND RESPONSES

June 30, 2015

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WHITING COMMUNITY SCHOOL DISTRICT

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
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Board of Education

Tracy Bird	President	2015
Steve Murray	Vice President	2017
Shawn Wood	Board Member	2015
Dr. John Garred, Jr.	Board Member	2017
Alison Wiggs	Board Member	2017

School Officials

Carolyn Eide	Superintendent
Lori West	District Secretary/Treasurer

Gary E. Horton CPA

902 Central Ave. E.-PO Box 384
Clarion, IA 50525-0384
(515)532-6681 Phone
(515) 532-2405 Fax
BETCO@mchsi.com E-mail

Independent Auditor's Report

To the Board of Education of
Whiting Community School District:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Whiting Community School District, Whiting, Iowa, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion the financial statements referred to above presents fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Whiting Community School District as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of Matter

As discussed in Note 11 to the financial statements, Whiting Community School District adopted new accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial

Reporting for Pensions . an Amendment of GASB Statement No. 27. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions and the Schedule Funding Progress for the Retiree Health Plan on pages 4 through 10 and 36 through 42 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U. S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Whiting Community School District's basic financial statements. We previously audited, in accordance with the standards referred in the third paragraph of this report, the financial statements for the nine years ended June 30, 2014 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 6, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated May 13, 2016 on our consideration of Whiting Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide and opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Whiting Community School District's internal control over financial reporting and compliance.

BURTON E. TRACY & CO., P.C.
Certified Public Accountants

May 13, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

Whiting Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2015. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2015 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$2,611,931 in fiscal 2014 to \$2,719,528 in fiscal 2015, while General Fund expenditures increased from \$2,572,321 in fiscal 2014 to \$2,748,382 in fiscal 2015. The District's General Fund balance decreased from \$372,355 in fiscal 2014 to \$343,501 in fiscal 2015.
- The District remains in a healthy financial position, both in regards to solvency ratio and unspent balance. These are two important indicators that will continue to determine the long-term viability of Whiting Community School. With an Unspent Balance of \$402,671 to end FY 15 and a solvency ratio exceeding 20%, the district has the financial position to make calculated general fund budgets in years ahead that can offer investment in student learning while also keeping close watch on bottom line expenditures.
- Resident enrollment grew by seven students from the previous year (FY 14) and open enrolled students into the district increased slightly from the previous year. By the end of FY 14, the number of resident students open enrolling out did increase, for FY 17, the Whiting Community School District is projecting more new open enrolled students entering the district than open enrolled students leaving. This is an important indicator to monitor carefully as the district must continue keep resident students in the district. Each open enrollment student out represents per pupil dollars leaving also. Enrollment will be a critical factor to continually monitor with each school year ahead. The district is budgeted in staff for the current enrollment, but investments in additional funding to offer students a full range of academic opportunity will be balanced by keeping a handle on total expenditures. The gap between open enrolled students in and out of the district narrowed during the past two years and that must be monitored each year.
- Whiting Community School continues to enjoy outstanding support from families and the local community. In addition to our Unspent Balance and Cash Reserves, the district also has access to a healthy school foundation that provides a revenue source to supplement the costs of important educational supplies and materials when needed.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of Whiting Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Whiting Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining financial statements

provide information about activities for which Whiting Community School District acts solely as an agent or custodian for the benefit of those outside of the District.

Notes to financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year, the District's proportionate share of the net pension liability and related contributions, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

Supplementary Information provides detailed information about the nonmajor governmental funds.

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report the District's net position and how it has changed. Net position is one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net position is an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business type activities:* The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or major funds. Not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds, or to show that it is properly using certain revenues, such as federal grants.

The District has Two [2] kinds of funds:

- 1) *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Fund.

The required financial statements for governmental funds include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

- 2) *Proprietary funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Funds, one type of proprietary fund, are the same as its business type activities, but provide more detail and additional information, such as cash flows. The District currently has one Enterprise Fund, the School Nutrition Fund.

The required financial statements for proprietary funds include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position and a Statement of Cash Flows.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-1 below provides a summary of the District's net position at June 30, 2015 compared to June 30, 2014.

Figure A-1

Figure 7.1

	Condensed Statement of Net Position						Percentage Change
	Governmental Activities		Business-type Activities		Total School District		
	2015	2014 (Not restated)	2015	2014 (Not restated)	2015	2014 (Not restated)	2014-2015
	\$	\$	\$	\$	\$	\$	
Current and other assets	3,240,496	3,177,325	(9,417)	3,068	3,231,079	3,180,393	2%
Capital assets	1,335,184	1,417,539	33,901	8,713	1,369,085	1,426,252	-4%
Total assets	4,575,680	4,594,864	24,484	11,781	4,600,164	4,606,645	<-1%
Deferred outflows of resources	90,395	-	5,135	-	95,530	-	100%
Long-term liabilities	862,784	134,931	26,289	562	889,073	135,493	556%
Other liabilities	368,687	304,686	10,637	10,391	379,324	315,077	20%
Total liabilities	1,231,471	439,617	36,926	10,953	1,268,397	450,570	182%
Deferred inflows of resources	1,536,274	1,339,047	14,887	2,665	1,551,161	1,341,712	16%
Net Position:							
Net investment in							
Capital assets	1,335,184	1,312,539	33,901	8,713	1,369,085	1,321,252	4%
Restricted	1,210,478	1,083,479	-	-	1,210,478	1,083,479	12%
Unrestricted	(647,332)	420,182	(56,095)	(10,550)	(703,427)	409,632	-272%
Total net position	1,898,330	2,816,200	(22,194)	(1,837)	1,876,136	2,814,363	-33%

The District's total net position decreased by 33%, or \$938,227, over the prior year. The largest portion of the District's net position is the invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets.

Restricted net position represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position increased \$126,999 or 12% over the prior year.

Unrestricted net position . the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements . decreased \$1,113,059 or 272%. This decrease in unrestricted net position was primarily a result of the District's net pension liability net pension expense recorded in the current year.

Governmental accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions . an Amendment of GASB Statement No. 27 was implemented during fiscal year 2015. The beginning net pension as of July 1, 2014 for governmental activities and business type activities were restated for \$1,120,035 and \$34,402, respectively, to retroactively report the net pension liability as of June 30, 2013 and deferred outflows of resources related to contributions made after June 30, 2013 but prior to July 1, 2014. Fiscal year 2013 and 2014 financial statement amounts for net pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources were not restated because the information was not available. In the past, pension expense was the amount of the employer contributions. Current reporting provides a more comprehensive measure of pension expense which is more reflective of the amounts employees earned during the year.

Figure A-2 shows the changes in net position for the year ended June 30, 2015 compared to the year ended June 30, 2014.

Figure A-2

Figure A-2

	Change in Net Position						
	Governmental Activities		Business-type Activities		Total School District		Percentage Change
	2015	2014 (Not restated)	2015	2014 (Not restated)	2015	2014 (Not restated)	2014-2015
	\$	\$	\$	\$	\$	\$	%
Revenues							
Program Revenues:							
Charges for services	692,922	711,650	38,408	37,259	731,330	748,909	-2%
Operating grants & contributions	399,796	410,869	82,833	84,954	482,629	495,823	-3%
Capital grants & contributions	-	-	-	-	-	-	0%
General Revenues:							
Property taxes	1,347,172	1,068,373	-	-	1,347,172	1,068,373	26%
Income Surtax	115,007	96,459	-	-	115,007	96,459	19%
Statewide sales services & use tax	162,943	171,483	-	-	162,943	171,483	-5%
Unrestricted state grants	505,169	739,578	-	-	505,169	739,578	-32%
Unrestricted investment earnings	884	702	-	2	884	704	26%
Other	86,563	-	26,450	-	113,013	-	100%
Total Revenues	3,310,456	3,199,114	147,691	122,215	3,458,147	3,321,329	4%
Expenses:							
Instruction	2,023,420	1,865,963	-	-	2,023,420	1,865,963	8%
Support services	823,702	897,035	-	-	823,702	897,035	-8%
Non-instructional programs	-	-	133,646	142,388	133,646	142,388	-6%
Other expenditures	261,169	234,684	-	-	261,169	234,684	11%
Total expenses	3,108,291	2,997,682	133,646	142,388	3,241,937	3,140,070	3%
CHANGE IN NET POSITION	202,165	201,432	14,045	(20,173)	216,210	181,259	19%
Net position beginning of year (restated)	1,696,165	2,614,768	(36,239)	18,336	1,659,926	2,633,104	-37%
Net position end of year	1,898,330	2,816,200	(22,194)	(1,837)	1,876,136	2,814,363	-33%

Property tax and unrestricted state grants account for 54% of the total revenue. The District's expenses primarily relate to instruction and support services, which account for 88% of the total expenses.

Governmental Activities

Revenues for governmental activities were \$3,310,456 and expenses were \$3,108,291. The District was able to balance the budget by trimming expenses below available revenues.

The following figure [A-3] presents the total and net cost of the District's major governmental activities, instruction, support services, non-instructional programs and other expenses, for the year ended June 30, 2015 compared to the year ended June 30, 2014.

Figure A-3

Total and Net Cost of Governmental Activities

	Total Cost of Services 2015 \$	Total Cost of Services 2014 (Not restated) \$	Net Cost of Services 2015 \$	Net Cost of Services 2014 (Not restated) \$
Instruction	2,023,420	1,865,963	1,010,135	823,666
Support Services	823,702	897,035	822,502	897,035
Non-instructional Programs	-	-	-	-
Other Expenses	261,169	234,684	182,936	154,462
TOTAL	3,108,291	2,997,682	2,015,573	1,875,163

- The cost financed by users of the District's programs was \$692,922.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$399,796.
- The net cost of governmental activities was financed with \$1,625,122 in property and other taxes and \$505,169 in unrestricted state grants.

Business Type Activities

Revenues for business type activities were \$147,691 and expenses were \$133,646. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

INDIVIDUAL FUND ANALYSIS

As previously noted, Whiting Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of \$1,546,700, above last year's ending fund balances of \$1,456,929.

Governmental Fund Highlights

The District's General Fund financial position is the result of many factors. The decrease during the year is due to increased expenditures.

- The General Fund balance decreased from \$372,355 to \$343,501.
- The Capital Project Fund includes revenues from sales tax and from the physical plant and equipment property tax levy. These two revenue streams and the related expenditures are tracked separately in the District's accounting records, but are combined into one Capital Projects Fund for

financial reporting. The monies in the Capital Projects fund will be used for future capital improvements and equipment purchases.

- The Physical Plant and Equipment Levy account balance increased from \$198,555 at June 30, 2014 to \$226,823 at June 30, 2015.
- The Statewide Sales Tax account balance increased from \$598,137 at June 30, 2014 to \$695,577 at June 30, 2015.

Proprietary Fund Highlights

School Nutrition Fund net position increased from \$(36,239) restated at June 30, 2014 to \$(22,194) at June 30, 2015. The District reflected the related expenses for the net OPEB liability, which caused an overall reduction of net position.

BUDGETARY HIGHLIGHTS

The District's receipts were \$340,206 less than budgeted receipts. The most significant variance resulted from the District receiving less in local revenue than originally anticipated.

Total expenditures were less than budgeted, due primarily to the District's budget for the General Fund. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2015, the District had invested \$1.4 million, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-4) More detailed information about the District's capital assets is presented in Note 3 to the financial statements. Depreciation expense for the year was \$128,849.

Figure A-4

	Capital Assets (net of depreciation)						
	Governmental Activities		Business type Activities		Total School District		Percentage Change
	2015	2014	2015	2014	2015	2014	2014-2015
	\$	\$	\$	\$	\$	\$	
Land	10,000	10,000	-	-	10,000	10,000	0%
Buildings	1,049,514	1,089,593	-	-	1,049,514	1,089,593	-4%
Improvements	198,298	192,170	-	-	198,298	192,170	3%
Equipment & Furniture	77,372	125,776	33,901	8,713	111,273	134,489	-17%
TOTAL	1,335,184	1,417,539	33,901	8,713	1,369,085	1,426,252	-4%

Long-Term Debt

At June 30, 2015, the District had \$889,072 in general obligation and other long-term debt outstanding. This represents a decrease of approximately 37% from last year. (See Figure A-5) Additional information about the District's long-term debt is presented in Note 4 to the financial statements.

Figure A-5
Outstanding Long-Term Obligations

	Total School District		Percentage Change
	2015	2014	2014-2015
Governmental Activities:	\$	\$	
General Obligation Bonds	-	105,000	-100%
Compensated Absences	15,420	15,888	-3%
Net Pension Liability	819,248	1,240,743	-34%
Net OPEB Liability	28,116	14,043	100%
	<u>862,784</u>	<u>1,375,674</u>	<u>-37%</u>
Business Type Activities:			
Net Pension Liability	25,163	38,110	-34%
Net OPEB Liability	1,125	562	100%
	<u>26,288</u>	<u>38,672</u>	<u>-32%</u>

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances that could significantly affect its financial health in the future:

- Although the District has experienced stability in total enrollment for the past year, and the District expects a continued steady total enrollment for the year ahead. Resident enrollment increased. Whiting Community School may also have a slight increase in future enrollment due to the preschool age 4 program and the open enrollment into the District.
- State funding and the need for timely, adequate Supplementary State Aid is critical to school districts. Balancing a small total enrollment with uncertain state funding will continue to be a factor that bears on the annual fiscal health of Whiting Community School. Whiting Community School has worked extremely hard to secure every funding resource, possible, including maximizing operational sharing dollars and securing a Teacher Leadership and Compensation Grant that will go into effect during the 2016-2017 school year. The economic stability of the Whiting Community School District will remain directly connected to the ability to retain existing resident students, keep open enrolled students coming into the district, and casting a vision for student learning and extra-curricular involvement that allows for stable, and ideally, incremental growth.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Lori West, District Board Secretary, Whiting Community School District, 606 West Street, Whiting, Iowa, 51063.

BASIC FINANCIAL STATEMENTS

WHITING COMMUNITY SCHOOL DISTRICT

Statement of Net Position

June 30, 2015

	Governmental Activities	Business Type Activities	Total
	\$	\$	\$
Assets			
Cash, cash equivalents and pooled investments	1,750,581	(10,628)	1,739,953
Receivables:			
Property tax:			
Delinquent	10,241	-	10,241
Succeeding year	1,223,837	-	1,223,837
Accounts	-	183	183
Due from other governments	255,837	-	255,837
Inventories	-	1,028	1,028
Capital assets, net of accumulated depreciation	1,335,184	33,901	1,369,085
Total assets	4,575,680	24,484	4,600,164
Deferred Outflows of Resources			
Pension related deferred outflows	90,395	5,135	95,530
Liabilities			
Accounts payable	121,887	-	121,887
Salaries and benefits payable	246,800	10,637	257,437
Long-term liabilities:			
Portion due within one year:			
Compensated absences	5,140	-	5,140
Portion due after one year:			
Compensated absences	10,280	-	10,280
Net pension liability	819,248	25,164	844,412
Net OPEB liability	28,116	1,125	29,241
Total liabilities	1,231,471	36,926	1,268,397
Deferred Inflows of Resources			
Unavailable property tax revenue	1,223,837	-	1,223,837
Pension related deferred inflows	312,437	11,955	324,392
Other	-	2,932	2,932
Total deferred inflows of resources	1,536,274	14,887	1,551,161
Net position			
Net investment in capital assets	1,335,184	33,901	1,369,085
Restricted for:			
Categorical funding	7,279	-	7,279
Management levy	229,943	-	229,943
Physical plant and equipment levy	226,823	-	226,823
Student activities	28,060	-	28,060
School infrastructure	695,577	-	695,577
Debt service	22,796	-	22,796
Unrestricted	(647,332)	(56,095)	(703,427)
Total net position	1,898,330	(22,194)	1,876,136

See notes to financial statements.

WHITING COMMUNITY SCHOOL DISTRICT

Statement of Activities

Year ended June 30, 2015

Functions/Programs	Expenses	Charges for Services	Program Revenues	
			Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
	\$	\$	\$	\$
Governmental activities:				
Instruction:				
Regular	1,225,523	530,654	219,041	-
Special	317,770	108,244	24,936	-
Other	480,127	52,824	77,586	-
	<u>2,023,420</u>	<u>691,722</u>	<u>321,563</u>	<u>-</u>
Support services:				
Student	46,631	-	-	-
Instructional staff	105,589	-	-	-
Administration	337,987	-	-	-
Operation and maintenance of plant	248,647	1,200	-	-
Transportation	84,848	-	-	-
	<u>823,702</u>	<u>1,200</u>	<u>-</u>	<u>-</u>
Other expenditures:				
Facilities acquisition	86,194	-	-	-
Long-term debt interest	1,530	-	-	-
AEA flowthrough	78,233	-	78,233	-
Depreciation (unallocated)*	95,212	-	-	-
	<u>261,169</u>	<u>-</u>	<u>78,233</u>	<u>-</u>
Total governmental activities	3,108,291	692,922	399,796	-
Business type activities:				
Non-instructional programs:				
Food service operations	133,646	38,408	82,833	-
Total	<u>3,241,937</u>	<u>731,330</u>	<u>482,629</u>	<u>-</u>
General Revenues:				
Property taxes levied for:				
General purposes				
Debt service				
Capital outlay				
Income surtax				
Statewide sales, services and use tax				
Unrestricted state grants				
Unrestricted investment earnings				
Other				
Total general revenues				

Change in net position

Net position beginning of year (restated)

Net position end of year

*This amount excludes the depreciation that is included in the direct expenses of the various programs.

Net (Expense) Revenue and Changes in Net Position

Governmental Activities	Business Type Activities	Total
\$	\$	\$
(475,828)	-	(475,828)
(184,590)	-	(184,590)
(349,717)	-	(349,717)
<u>(1,010,135)</u>	<u>-</u>	<u>(1,010,135)</u>
(46,631)	-	(46,631)
(105,589)	-	(105,589)
(337,987)	-	(337,987)
(247,447)	-	(247,447)
(84,848)	-	(84,848)
<u>(822,502)</u>	<u>-</u>	<u>(822,502)</u>
(86,194)	-	(86,194)
(1,530)	-	(1,530)
-	-	-
<u>(95,212)</u>	<u>-</u>	<u>(95,212)</u>
<u>(182,936)</u>	<u>-</u>	<u>(182,936)</u>
(2,015,573)	-	(2,015,573)
-	(12,405)	(12,405)
<u>(2,015,573)</u>	<u>(12,405)</u>	<u>(2,027,978)</u>
1,138,265	-	1,138,265
108,278	-	108,278
100,629	-	100,629
115,007	-	115,007
162,943	-	162,943
505,169	-	505,169
884	-	884
<u>86,563</u>	<u>26,450</u>	<u>113,013</u>
<u>2,217,738</u>	<u>26,450</u>	<u>2,244,188</u>
202,165	14,045	216,210
<u>1,696,165</u>	<u>(36,239)</u>	<u>1,659,926</u>
<u>1,898,330</u>	<u>(22,194)</u>	<u>1,876,136</u>

WHITING COMMUNITY SCHOOL DISTRICT

Balance Sheet
Governmental Funds

June 30, 2015

	General	Capital Projects	Nonmajor Governmental	Total
	\$	\$	\$	\$
Assets				
Cash, cash equivalents and pooled investments	574,458	896,437	279,686	1,750,581
Receivables:				
Property tax:				
Delinquent	8,346	766	1,129	10,241
Succeeding year	1,020,598	103,239	100,000	1,223,837
Due from other governments	230,640	25,197	-	255,837
Total assets	<u>1,834,042</u>	<u>1,025,639</u>	<u>380,815</u>	<u>3,240,496</u>
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	121,871	-	16	121,887
Salaries and benefits payable	246,800	-	-	246,800
Total liabilities	<u>368,671</u>	<u>-</u>	<u>16</u>	<u>368,687</u>
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	1,020,598	103,239	100,000	1,223,837
Income surtax	101,272	-	-	101,272
Total deferred inflows of resources	<u>1,121,870</u>	<u>103,239</u>	<u>100,000</u>	<u>1,325,109</u>
Fund balances:				
Restricted for:				
Categorical funding	7,279	-	-	7,279
Debt service	-	-	22,796	22,796
Management levy	-	-	229,943	229,943
School infrastructure	-	695,577	-	695,577
Student activities	-	-	28,060	28,060
Physical plant and equipment	-	226,823	-	226,823
Unassigned	336,222	-	-	336,222
Total fund balances	<u>343,501</u>	<u>922,400</u>	<u>280,799</u>	<u>1,546,700</u>
Total liabilities, deferred inflows of resources and fund balances	<u>1,834,042</u>	<u>1,025,639</u>	<u>380,815</u>	<u>3,240,496</u>

WHITING COMMUNITY SCHOOL DISTRICT

Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Position

June 30, 2015

		\$
Total fund balances of governmental funds (Exhibit C)		1,546,700
<i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		1,335,184
Other long-term assets are not available to pay current period expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds.		101,272
Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:		
Deferred outflows of resources	90,395	
Deferred inflows of resources	<u>(312,437)</u>	(222,042)
Long-term liabilities, including bonds payable, compensated absences payable, other postemployment benefits payable and net pension liability are not due and payable in the current period and therefore, are not reported in the governmental funds.		<u>(862,784)</u>
Net position of governmental activities (Exhibit A)		<u><u>1,898,330</u></u>

WHITING COMMUNITY SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds

Year ended June 30, 2015

	General	Capital	Nonmajor	Total
	<u>\$</u>	<u>Projects</u>	<u>Governmental</u>	<u>\$</u>
Revenues:				
Local sources:				
Local tax	1,189,515	100,629	148,521	1,438,665
Tuition	408,624	-	-	408,624
Other	216,511	12,113	56,558	285,182
State sources	801,552	162,978	52	964,582
Federal sources	103,326	-	-	103,326
Total revenues	<u>2,719,528</u>	<u>275,720</u>	<u>205,131</u>	<u>3,200,379</u>
Expenditures:				
Current:				
Instruction:				
Regular	1,199,507	-	-	1,199,507
Special	316,644	-	-	316,644
Other	424,998	-	54,566	479,564
	<u>1,941,149</u>	<u>-</u>	<u>54,566</u>	<u>1,995,715</u>
Support services:				
Student	46,631	-	-	46,631
Instructional staff	91,658	13,368	-	105,026
Administration	305,700	13,036	15,204	333,940
Operation and maintenance of plant	217,424	-	28,996	246,420
Transportation	67,587	-	5,823	73,410
	<u>729,000</u>	<u>26,404</u>	<u>50,023</u>	<u>805,427</u>
Other expenditures:				
Facilities acquisition	-	123,608	-	123,608
Long-term debt:				
Principal	-	-	105,000	105,000
Interest and fiscal charges	-	-	2,625	2,625
AEA flowthrough	78,233	-	-	78,233
	<u>78,233</u>	<u>123,608</u>	<u>107,625</u>	<u>309,466</u>
Total expenditures	<u>2,748,382</u>	<u>150,012</u>	<u>212,214</u>	<u>3,110,608</u>
Change in fund balances	(28,854)	125,708	(7,083)	89,771
Fund balances beginning of year	<u>372,355</u>	<u>796,692</u>	<u>287,882</u>	<u>1,456,929</u>
Fund balances end of year	<u><u>343,501</u></u>	<u><u>922,400</u></u>	<u><u>280,799</u></u>	<u><u>1,546,700</u></u>

WHITING COMMUNITY SCHOOL DISTRICT

Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds to the
Statement of Activities

Year ended June 30, 2015

	\$	\$
Change in fund balances - total governmental funds (Exhibit E)		89,771
<i>Amounts reported for governmental activities in the Statement of Activities are different because:</i>		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Depreciation expense in the current year, is as follows:		
Capital assets disposed	7,818	
Expenditures for capital assets	37,414	
Depreciation expense	<u>(127,587)</u>	(82,355)
Income surtaxes not collected for several months after the District's fiscal year ends are not considered "available" revenues in the governmental funds and are included as deferred revenues. They are, however, recorded as revenues in the Statement of Activities.		23,513
Repayment of long-term liability principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		105,000
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.		1,095
The current year District employer share of IPERS contributions are reported as expenditures in the governmental funds, but are reported as a deferred outflow of resources in the Statement of Net Position.		122,111
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:		
Compensated absences	468	
Pension expense	(43,365)	
Other postemployment benefits	<u>(14,073)</u>	(56,970)
Changes in net position of governmental activities (Exhibit B)		<u><u>202,165</u></u>

WHITING COMMUNITY SCHOOL DISTRICT

Statement of Net Position
Proprietary Funds

June 30, 2015

	Nonmajor School Nutrition
	<u>\$</u>
Assets	
Current assets:	
Cash, cash equivalents and pooled investments	(10,628)
Accounts receivable	183
Inventories	<u>1,028</u>
Total current assets	<u>(9,417)</u>
Noncurrent assets:	
Capital assets, net of accumulated depreciation	<u>33,901</u>
Total assets	<u>24,484</u>
Deferred Outflows of Resources	
Pension related deferred outflows	<u>5,135</u>
Liabilities	
Current liabilities:	
Salaries and benefits payable	10,637
Deferred revenue	<u>2,932</u>
Total current liabilities	<u>13,569</u>
Noncurrent liabilities:	
Net pension liability	25,164
Net OPEB liability	<u>1,125</u>
Total noncurrent liabilities	<u>26,289</u>
Total liabilities	<u>39,858</u>
Deferred Inflows of Resources	
Pension related deferred inflows	<u>11,955</u>
Net position	
Investment in capital assets	33,901
Unrestricted	<u>(56,095)</u>
Total net position	<u><u>(22,194)</u></u>

WHITING COMMUNITY SCHOOL DISTRICT

Statement of Revenues, Expenses,
and Changes in Fund Net Position
Proprietary Funds

Year ended June 30, 2015

	Nonmajor School Nutrition
	<u>\$</u>
Operating revenues:	
Local sources:	
Charges for service	<u>38,408</u>
Operating expenses:	
Non-instructional programs:	
Salaries	43,594
Benefits	24,724
Purchased services	58
Supplies	64,008
Depreciation	1,262
Total operating expenses	<u>133,646</u>
Operating income (loss)	<u>(95,238)</u>
Non-operating revenues:	
State sources	1,098
Federal sources	<u>81,735</u>
Total non-operating revenues	<u>82,833</u>
Income (loss) before capital contributions	(12,405)
Capital contributions	<u>26,450</u>
Change in net position	14,045
Net position beginning of year (restated)	<u>(36,239)</u>
Net position end of year	<u><u>(22,194)</u></u>

WHITING COMMUNITY SCHOOL DISTRICT

Statement of Cash Flows
Proprietary Funds

Year ended June 30, 2015

	Nonmajor School Nutrition \$
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	38,707
Cash paid to employees for services	(69,927)
Cash paid to suppliers for goods or services	(58,130)
Net cash used by operating activities	<u>(89,350)</u>
Cash flows from non-capital financing activities:	
State grants received	1,098
Federal grants received	75,527
Net cash provided by non-capital financing activities	<u>76,625</u>
Cash flows from capital and related financing activities	<u>-</u>
Cash flows from investing activities	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(12,725)
Cash and cash equivalents at beginning of year	<u>2,097</u>
Cash and cash equivalents at end of year	<u><u>(10,628)</u></u>
Reconciliation of operating income (loss) to net cash used by operating activities:	
Operating income (loss)	(95,238)
Adjustments to reconcile operating income (loss) to net cash used by operating activities:	
Commodities used	6,208
Depreciation	1,262
Decrease (increase) in inventories	(272)
Decrease (increase) in accounts receivable	32
(Decrease) increase in salaries and benefits payable	246
(Decrease) increase in deferred revenue	267
Decrease in net pension liability	(12,946)
Increase in deferred outflows of resources	(1,427)
Increase in deferred inflows of resources	11,955
Increase in other postemployment benefits	563
Net cash used by operating activities	<u><u>(89,350)</u></u>

Non-cash investing, capital and related financing activities:

During the year ended June 30, 2015, the District received \$6,208 of federal commodities.

During the year ended June 30, 2015, the School Nutrition Fund received \$26,450 of equipment that was purchased by other funds.

WHITING COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2015

1. Summary of Significant Accounting Policies

Whiting Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. The geographic area served includes the City of Whiting, Iowa and the predominately agricultural territory in a portion of Monona County. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Whiting Community School District has included all funds, organizations, agencies, boards, commissions, and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. The Whiting Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the County Assessor's Conference Board.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Position and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Position presents the District's nonfiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following categories:

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt attributable to the acquisition, construction, or improvement of those assets.

Restricted net position results when constraints placed on net position use are either externally imposed or are imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted net position.

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management, which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions, and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements . Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as non-major governmental funds. Combining schedules are also included for the Capital Project Fund accounts.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities and other capital assets.

The District's proprietary fund is the Enterprise, School Nutrition Fund. This fund is used to account for the food service operations of the District.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants, and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments, and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions

are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted, net position available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications . committed, assigned and then unassigned fund balances.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund is charges to customers for sales and services. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Cash Equivalents and Pooled Investments - The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

For purposes of the Statement of Cash Flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable . Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1 ½% per month penalty for delinquent payments; is based on January 1, 2013 assessed property valuations; is for the tax accrual period July 1, 2014 through June 30, 2015 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2014.

Due from Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants, and reimbursements from other governments.

Inventories - Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets . Capital assets, which include property, furniture and equipment and intangibles, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Position. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
	\$
Land	500
Buildings	5,000
Improvements other than buildings	5,000
Intangibles	25,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	2,500

Capital assets are depreciated using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	50 years
Improvements other than buildings	5-20 years
Intangibles	3-10 years
Furniture and equipment	3-15 years

The District's collection of library books and other similar materials are not capitalized. These collections are unencumbered, held for public exhibition and education, protected, cared for and preserved and subject to District policy that requires proceeds from the sale of these items, if any, to be used to acquire other collection items.

Deferred Outflows of Resources . Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consists of unrecognized items not yet charged to pension expense and contributions from the employer after the measurement date but before the end of the employer's reporting period.

Salaries and Benefits Payable . Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Advances from Grantors . Grant proceeds which have been received by the District but will be spent in a succeeding fiscal year.

Compensated Absences - District employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2014. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

Long-term Liabilities . In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Position.

Pensions . For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Iowa Public Employees Retirement System (IPERS) and additions to/deductions from IPERS fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Inflows of Resources . Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax receivable and other receivables not collected within sixty days after year end.

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax receivables that will not be recognized until the year for which it is levied and the unamortized portion of the net difference between projected and actual earnings on pension plan investments.

Fund Equity . In the governmental fund financial statements fund balances are classified as follows:

Restricted . Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Unassigned . All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

2. Cash, Cash Equivalents and Pooled Investments

The District's deposits in banks at June 30, 2015 were entirely covered by federal depository insurance, or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2015, the District had no investments meeting the disclosure requirements of Governmental Accounting Standard Board Statement No. 3 as amended by Statement No. 40.

3. Capital Assets

Capital assets activity for the year ended June 30, 2015 was as follows:

	Balance Beginning of Year \$	Increases \$	Decreases \$	Balance End of Year \$
Governmental activities:				
Capital assets not being depreciated:				
Land	10,000	-	-	10,000
Capital assets being depreciated:				
Buildings	2,223,027	-	-	2,223,027
Improvements other than buildings	494,081	37,414	(22,000)	553,495
Furniture and equipment	556,274	-	(5,985)	562,259
Total capital assets being deprec.	3,273,382	37,414	(27,985)	3,338,781
Less accumulated depreciation for:				
Buildings	1,133,434	38,780	(1,299)	1,173,513
Improvements other than buildings	301,911	56,432	3,146	355,197
Furniture and equipment	430,498	32,375	(22,014)	484,887
Total accumulated depreciation	1,865,843	127,587	(20,167)	2,013,597
Total capital assets being depreciated, net	1,407,539	(90,173)	(7,818)	1,325,184
Governmental activities capital assets, net	1,417,539	(90,173)	(7,818)	1,335,184
Business type activities:				
Furniture and equipment	27,157	26,450	-	53,607
Less accumulated depreciation	18,444	1,262	-	19,706
Business type activities capital assets, net	8,713	25,188	-	33,901

Depreciation expense was charged to the following functions:

	\$
Governmental activities:	
Instruction:	
Regular	17,009
Support services:	
Administration services	2,263
Operation and maintenance of plant	1,665
Transportation	11,438
	<u>32,375</u>
Unallocated depreciation	<u>95,212</u>
Total depreciation expense . governmental activities	<u>127,587</u>
Business type activities:	
Food services	<u>1,262</u>

4. Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2015, are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
	\$	\$	\$	\$	\$
Governmental activities:					
General obligation bonds	105,000	-	105,000	-	-
Compensated absences	15,888	-	468	15,420	5,140
Net pension liability	1,240,743	-	421,495	819,248	-
Net OPEB liability	14,043	14,073	-	28,116	-
	<u>1,375,674</u>	<u>14,073</u>	<u>526,963</u>	<u>862,784</u>	<u>5,140</u>
Total					
Business type activities:					
Net pension liability	38,110	-	12,947	25,163	-
Net OPEB liability	562	563	-	1,125	-
	<u>38,672</u>	<u>563</u>	<u>12,947</u>	<u>26,288</u>	<u>-</u>
Total					

5. Pension Plan

Plan Description . IPERS membership is mandatory for employees of the District, except for those covered by another retirement system. Employees of the District are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits . A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, anytime after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. (These qualifications must be met on the member's first month of entitlement to benefits.) Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a regular member's monthly IPERS benefits includes:

- A multiplier (based on years of service).
- The member's highest five-year average salary. (For members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary.)

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25 percent for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50 percent for each month that the member receives benefits before age 65.

Generally once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits . A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions . Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS's Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the entry age normal actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2015, pursuant to the required rate, regular members contributed 5.95 percent of pay and the District contributed 8.93 percent for a total rate of 14.88 percent.

The District's contributions to IPERS for the year ended June 30, 2015 were \$125,862.

Net Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions . At June 30, 2015, the District reported a liability of \$844,411 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the District's collective proportion was 0.021292 percent, which was a decrease of 0.000981 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$44,698. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred outflows of Resources	Deferred Inflows of Resources
	\$	\$
Differences between expected and actual experience	9,177	-
Changes in assumptions	37,266	-
Net difference between projected and actual earnings on pension plan investments	-	322,034
Change in proportion and differences between District contributions and proportionate share of contributions	(79,133)	-
District contributions subsequent to the measurement date	125,862	-
Total	93,172	322,034

\$125,862 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	\$
2016	(88,146)
2017	(88,146)
2018	(88,146)
2019	(88,146)
2020	(2,139)
Total	(354,723)

There were no non-employer contributing entities at IPERS.

Actuarial Assumptions . The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2014)	3.00 percent per annum
Rates of salary increase (effective June 30, 2010)	4.00 to 17.00 percent, average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 1996)	7.50 percent, compounded annually, net of investment expense, including inflation.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
	%	
US Equity	23	6.31
Non US Equity	15	6.76
Private Equity	13	11.34
Real Estate	8	3.52
Core Plus Fixed Income	28	2.06
Credit Opportunities	5	3.67
TIPS	5	1.92
Other Real Assets	2	6.27
Cash	1	(0.69)
Total	100	

Discount Rate . The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the District will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate . The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate.

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
	\$	\$	\$
District proportionate share of the net pension liability	1,595,491	844,411	210,422

Pension Plan Fiduciary Net Position . Detailed information about the pension plan's fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS's website at www.ipers.org.

Payables to the Pension Plan . At June 30, 2015, the District had no payables to the defined benefit pension plan for legally required employer contributions and legally required employee contributions to IPERS.

6. Other Postemployment Benefits (OPEB)

Plan Description - The District operates a single-employer retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 26 active and 0 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug coverage is provided through a fully-insured plan. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

Funding Policy - The contribution requirements of plan members are established and may be amended by the District. The District currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation - The District's annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2014, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

	\$
Annual required contribution	15,509
Interest on net OPEB obligation	365
Adjustment to annual required contribution	(1,238)
Annual OPEB cost	14,636
Contributions made	-
Increase in net OPEB obligation	14,636
Net OPEB obligation beginning of year	14,605
Net OPEB obligation end of year	29,241

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2013. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2015.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation are summarized as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
	\$	%	\$
2014	14,605	0	14,605
2015	14,636	0	29,241

Funded Status and Funding Progress - As of July 1, 2013, the most recent actuarial valuation date for the period July 1, 2014 through June 30, 2015, the actuarial accrued liability was \$90,567, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$90,567. The covered payroll (annual payroll of active employees covered by the plan) was approximately

\$1,240,000, and the ratio of the UAAL to covered payroll was 7.3%. As of June 30, 2015, there were no trust fund assets.

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2013 actuarial valuation date, the frozen entry age actuarial cost method was used. The actuarial assumptions includes a 2.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 6%.

Mortality rates are from the 94 Group Annuity Mortality Table, projected to 2000.

The UAAL is being amortized over 30 years.

7. Risk Management

The District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

8. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the Area Education Agency. The District's actual amount for this purpose totaled \$78,233 for the year ended June 30, 2015 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

9. Lease Commitment

The District entered into a five year operating lease for copy machines in fiscal year 2011. The payments the District will make over the next year is as follows:

<u>Year Ended</u> <u>June 30</u>	<u>Lease Payment</u>
2016	\$ 3,886

Lease payments of \$3,886 were made during fiscal year 2015.

10. Categorical Funding

The District's restricted fund balance for categorical funding at June 30, 2015 is comprised of the following program:

Program	Amount
	\$
Early literacy	7,279

11. Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions . an Amendment of GASB No. 27 was implemented during fiscal year 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, GASB 68 requires a state or local government employer to recognize a net pension liability and changes in the net pension liability, deferred outflows of resources and deferred inflows of resources which arise from other types of events related to pensions. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources will not be reported, except for deferred outflows of resources related to contributions made after the measurement date of the beginning net pension liability which is required to be reported by Governmental Accounting Standards Board Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. Beginning net position for governmental and business type activities were restated to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made after the measurement date, as follows:

	Governmental Activities	Business Type Activities
	\$	\$
Net position June 30, 2014, as previously reported	2,816,200	(1,837)
Net pension liability at June 30, 2014	(1,240,743)	(38,110)
Deferred outflows of resources Related to contributions made after the June 30, 2013 measurement date	120,708	3,708
Net position July 1, 2014, as restated	1,696,165	(36,239)

REQUIRED SUPPLEMENTARY INFORMATION

WHITING COMMUNITY SCHOOL DISTRICT

Budgetary Comparison Schedule of Revenues, Expenditures/Exenses and Changes in Balances -
Budget and Actual - All Governmental Funds and Proprietary Fund

Required Supplementary Information

Year ended June 30, 2015

	Governmental Fund Actual	Proprietary Fund Actual	Total Actual	Budgeted Amounts		Final to Actual Variance - Positive (Negative)
	\$	\$	\$	Original	Final	\$
Revenues:						
Local sources	2,132,471	38,408	2,170,879	2,506,117	2,506,117	(335,238)
State sources	964,582	1,098	965,680	892,709	892,709	72,971
Federal sources	103,326	81,735	185,061	263,000	263,000	(77,939)
Total revenues	<u>3,200,379</u>	<u>121,241</u>	<u>3,321,620</u>	<u>3,661,826</u>	<u>3,661,826</u>	<u>(340,206)</u>
Expenditures/Expenses:						
Instruction	1,995,715	-	1,995,715	2,235,000	2,235,000	239,285
Support services	805,427	-	805,427	1,396,036	1,396,036	590,609
Non-instructional programs	-	133,646	133,646	166,000	166,000	32,354
Other expenditures	309,466	-	309,466	337,537	337,537	28,071
Total expenditures/expenses	<u>3,110,608</u>	<u>133,646</u>	<u>3,244,254</u>	<u>4,134,573</u>	<u>4,134,573</u>	<u>890,319</u>
Excess (deficiency) of revenues over (under) expenditures/expenses	89,771	(12,405)	77,366	(472,747)	(472,747)	550,113
Other financing sources (uses) net	<u>-</u>	<u>26,450</u>	<u>26,450</u>	<u>-</u>	<u>-</u>	<u>26,450</u>
Excess (deficiency) of revenues and other financing sources (uses) over (under) expenditures/expenses	89,771	14,045	103,816	(472,747)	(472,747)	576,563
Balance beginning of year	<u>1,456,929</u>	<u>(36,239)</u>	<u>1,420,690</u>	<u>1,159,109</u>	<u>1,159,109</u>	<u>261,581</u>
Balance end of year	<u><u>1,546,700</u></u>	<u><u>(22,194)</u></u>	<u><u>1,524,506</u></u>	<u><u>686,362</u></u>	<u><u>686,362</u></u>	<u><u>838,144</u></u>

WHITING COMMUNITY SCHOOL DISTRICT

Notes to Required Supplementary Information - Budgetary Reporting

Year ended June 30, 2015

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standard Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Internal Service, Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District did not amend the budget.

During the year ended June 30, 2015, expenditures did not exceed the amounts budgeted.

WHITING COMMUNITY SCHOOL DISTRICT

Schedule of the District's Proportionate Share of the Net Pension Liability

Iowa Public Employees' Retirement System
Lst Fiscal Year*

Required Supplementary Information

	<u>2015</u>
District's proportion of the net pension liability	0.021292%
District's proportionate share of the net pension liability	844,411
District's covered-employee payroll	1,409,433
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	59.91%
Plan fiduciary net position as a percentage of the total pension liability	87.61%

* The amounts presented for each fiscal year were determined as of June 30.

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

WHITING COMMUNITY SCHOOL DISTRICT

Schedule of District Contributions

Iowa Public Employees' Retirement System
Last 10 Fiscal Years

Required Supplementary Information

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Statutorily required contribution	125,862	124,416	126,653	113,583	97,433	94,961	85,747	79,403	68,031	66,925
Contributions in relation to the statutorily required contribution	<u>125,862</u>	<u>124,416</u>	<u>126,653</u>	<u>113,583</u>	<u>97,433</u>	<u>94,961</u>	<u>85,747</u>	<u>79,403</u>	<u>68,031</u>	<u>66,925</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered-employee payroll	1,409,433	1,393,238	1,460,821	1,407,471	1,401,914	1,427,985	1,350,346	1,312,446	1,183,148	1,163,913
Contributions as a percentage of covered-employee payroll	8.93%	8.93%	8.67%	8.07%	6.95%	6.65%	6.35%	6.05%	5.75%	5.75%

WHITING COMMUNITY SCHOOL DISTRICT

Notes to Required Supplementary Information - Pension Liability

Year ended June 30, 2015

Changes of benefit terms:

Legislation passed in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3 percent per year measured from the member's first unreduced retirement age to a 6 percent reduction for each year of retirement before age 65.

In 2008, legislative action transferred four groups - emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers - from Regular membership to the protection occupation group for future service only.

Benefit provisions for sheriffs and deputies were changed in the 2004 legislative session. The eligibility for unreduced retirement benefits was lowered from age 55 by one year each July 1 (beginning in 2004) until it reached age 50 on July 1, 2008. The years of service requirement remained at 22 or more. Their contribution rates were also changed to be shared 50-50 by the employee and employer, instead of the previous 40-60 split.

Changes of assumptions:

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decrease the inflation assumption from 3.25 percent to 3.00 percent.
- Decrease the assumed rate of interest on member accounts from 4.00 percent to 3.75% percent per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL. UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included in the calculation of the UAL amortization payments the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate.

WHITING COMMUNITY SCHOOL DISTRICT

Notes to Required Supplementary Information - Pension Liability

Year ended June 30, 2015

The 2006 valuation implemented the following refinements as a result of a quadrennial experience study:

Adjusted salary increase assumptions to service based assumptions.

Decreased the assumed interest rate credited on employee contributions from 4.25 percent to 4.00 percent.

Lowered the inflation assumption from 3.50 percent to 3.25 percent.

Lowered disability rates for sheriffs and deputies and protection occupation members.

WHITING COMMUNITY SCHOOL DISTRICT

Schedule of Funding Progress for the Retiree Health Plan

Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a) \$	Actuarial Accrued Liability (AAL) (b) \$	Unfunded AAL (UAAL) (b-a) \$	Funded Ratio (a/b) %	Covered Payroll (c) \$	UAAL as a Percentage of Covered Payroll ((b-a)/c) %
2014	July 1, 2013	-	97,733	97,733	100.0%	1,340,000	7.3%
2015	July 1, 2013	-	90,567	90,567	100.0%	1,240,000	7.3%

See Note 9 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, funded status and funding progress.

SUPPLEMENTARY INFORMATION

WHITING COMMUNITY SCHOOL DISTRICT

Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2015

Assets	Special Revenue Funds			Total
	Management	Student	Debt Service	
	Levy	Activity		
	\$	\$		
Cash, cash equivalents and pooled investments	229,637	28,076	21,973	279,686
Receivables:				
Property tax:				
Delinquent	306	-	823	1,129
Succeeding year	100,000	-	-	100,000
Total assets	329,943	28,076	22,796	380,815
Liabilities, Deferred Inflows of Resources & Fund Balances				
Liabilities:				
Accounts payable	-	16	-	16
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	100,000	-	-	100,000
Fund balances:				
Restricted for:				
Debt service	-	-	22,796	22,796
Management levy	229,943	-	-	229,943
Student activities	-	28,060	-	28,060
Total fund balances	229,943	28,060	22,796	280,799
Total liabilities, deferred inflows of resources and fund balances	329,943	28,076	22,796	380,815

WHITING COMMUNITY SCHOOL DISTRICT

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds

Year ended June 30, 2015

	Special Revenue Funds			Total
	Management	Student	Debt	
	Levy	Activity	Service	
	\$	\$	\$	\$
Revenues:				
Local sources:				
Local tax	40,243	-	108,278	148,521
Other	3,689	52,835	34	56,558
State sources	14	-	38	52
Total revenues	<u>43,946</u>	<u>52,835</u>	<u>108,350</u>	<u>205,131</u>
Expenditures:				
Current:				
Instruction:				
Other	-	54,566	-	54,566
Support services:				
Administration	15,204	-	-	15,204
Operation & maintenance of plant	28,996	-	-	28,996
Transportation	5,823	-	-	5,823
Other expenditures:				
Long-term debt:				
Principal	-	-	105,000	105,000
Interest and fiscal charges	-	-	2,625	2,625
Total expenditures	<u>50,023</u>	<u>54,566</u>	<u>107,625</u>	<u>212,214</u>
Change in fund balances	(6,077)	(1,731)	725	(7,083)
Fund balances beginning of year	<u>236,020</u>	<u>29,791</u>	<u>22,071</u>	<u>287,882</u>
Fund balances end of year	<u><u>229,943</u></u>	<u><u>28,060</u></u>	<u><u>22,796</u></u>	<u><u>280,799</u></u>

WHITING COMMUNITY SCHOOL DISTRICT

Combining Balance Sheet
Capital Project Accounts

June 30, 2015

Assets	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
	\$	\$	\$
Cash, cash equivalents and pooled investments	670,380	226,057	896,437
Receivables:			
Property tax:			
Delinquent	-	766	766
Succeeding year	-	103,239	103,239
Due from other governments	25,197	-	25,197
Total assets	695,577	330,062	1,025,639
Liabilities, Deferred Inflows of Resources & Fund Balances			
Liabilities	-	-	-
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	-	103,239	103,239
Fund balances:			
Restricted for:			
School infrastructure	695,577	-	695,577
Physical plant and equipment	-	226,823	226,823
Total fund balances	695,577	226,823	922,400
Total liabilities, deferred inflows of resources and fund balances	695,577	330,062	1,025,639

WHITING COMMUNITY SCHOOL DISTRICT

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Capital Project Accounts

Year ended June 30, 2015

	Capital Projects		
	Statewide	Physical	Total
	Sales, Services and Use Tax	Plant and Equipment Levy	
	\$	\$	\$
Revenues:			
Local Sources:			
Local tax	-	100,629	100,629
Other	319	11,794	12,113
State sources	162,943	35	162,978
Total revenues	163,262	112,458	275,720
Expenditures:			
Current:			
Support services:			
Instructional staff services	-	13,368	13,368
Administration services	-	13,036	13,036
Other expenditures:			
Facilities acquisition	65,822	57,786	123,608
Total expenditures	65,822	84,190	150,012
Change in fund balance	97,440	28,268	125,708
Fund balances beginning of year	598,137	198,555	796,692
Fund balance end of year	695,577	226,823	922,400

WHITING COMMUNITY SCHOOL DISTRICT

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2015

<u>Account</u>	Balance Beginning of Year \$	Revenues \$	Expenditures \$	Intra-Fund Transfers \$	Balance End of Year \$
Class of 2013	1	-	-	(1)	-
Class of 2014	757	-	866	109	-
Class of 2015	356	80	436	-	-
Class of 2016	433	5,798	5,752	(1)	478
Class of 2017	335	130	-	-	465
Class of 2018	220	75	-	-	295
Class of 2019	110	80	-	-	190
Class of 2020	55	40	-	-	95
Class of 2021	-	70	-	-	70
Student affairs	553	528	25	(109)	947
Unallocated interest	15	11	-	(26)	-
Music parents	14,759	1,028	3,718	15	12,084
Band fund raiser	117	4	-	-	121
Athletics	2,232	37,269	33,949	13	5,565
Cheerleaders	455	-	456	1	-
Character counts	3,471	1,871	3,679	-	1,663
National Honor Society	1,297	586	732	(1)	1,150
Band trip	2,240	-	800	-	1,440
Student council	2,185	1,403	127	-	3,461
Annual	200	3,862	4,026	-	36
Total	29,791	52,835	54,566	-	28,060

WHITING COMMUNITY SCHOOL DISTRICT

Schedule of Revenues by Source and Expenditures by Function
All Governmental Funds

For the Last Ten Years

	Modified Accrual Basis									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues:										
Local sources:										
Local tax	1,438,665	1,169,643	1,255,424	1,161,618	1,187,913	1,166,213	1,110,648	1,199,728	1,211,685	1,249,341
Tuition	408,624	370,716	386,297	450,894	360,965	304,204	290,067	258,391	252,526	218,616
Other	285,182	341,636	261,197	251,830	271,192	280,430	277,334	295,305	350,205	289,341
State sources	964,582	1,202,872	898,868	848,390	871,526	786,598	1,039,627	990,227	829,643	796,971
Federal sources	103,326	119,058	125,314	135,625	131,972	212,875	106,876	83,761	83,280	95,300
Total revenues	<u>3,200,379</u>	<u>3,203,925</u>	<u>2,927,100</u>	<u>2,848,357</u>	<u>2,823,568</u>	<u>2,750,320</u>	<u>2,824,552</u>	<u>2,827,412</u>	<u>2,727,339</u>	<u>2,649,569</u>
Expenditures:										
Instruction:										
Regular instruction	1,199,507	1,082,837	1,095,648	1,065,311	1,002,482	997,286	925,474	970,450	892,385	829,274
Special instruction	316,644	277,102	255,425	206,692	163,524	209,936	263,333	283,560	272,555	240,054
Other instruction	479,564	473,721	481,586	474,405	469,566	433,898	456,136	385,004	388,785	379,200
Support services:										
Student services	46,631	41,340	123,044	101,668	99,318	98,673	106,911	32,298	28,123	29,672
Instructional staff services	105,026	158,723	95,099	61,336	64,393	61,864	66,252	101,877	50,955	65,783
Administration services	333,940	378,172	358,991	357,661	349,657	323,857	300,044	306,711	289,836	281,139
Operation and maintenance	246,420	211,437	206,830	209,271	209,357	223,210	210,117	196,697	191,221	187,099
Transportation services	73,410	83,541	61,092	152,183	74,564	67,150	71,097	97,950	143,655	111,564
Non-instructional programs	-	-	-	-	-	3,390	-	-	-	-
Other expenditures:										
Facilities acquisition	123,608	55,163	102,530	120,323	81,450	197,747	157,583	161,334	164,774	217,578
Long-term debt:										
Principal	105,000	105,000	100,000	105,000	100,000	575,000	65,000	67,407	66,770	66,144
Interest and other charges	2,625	4,830	6,630	8,205	10,701	30,075	33,325	36,592	40,081	44,017
AEA flowthrough	78,233	80,188	71,888	71,721	80,641	80,219	74,758	73,687	69,040	66,545
Total expenditures	<u>3,110,608</u>	<u>2,952,054</u>	<u>2,958,763</u>	<u>2,933,776</u>	<u>2,705,653</u>	<u>3,302,305</u>	<u>2,730,030</u>	<u>2,713,567</u>	<u>2,598,180</u>	<u>2,518,069</u>

Gary E. Horton CPA

902 Central Ave. E.-PO Box 384
Clarion, IA 50525-0384
(515)532-6681 Phone
(515) 532-2405 Fax
BETCO@mchsi.com E-mail

Independent Auditor's Report on Internal Control
Over Financial Reporting and on compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

To the Board of Education of
Whiting Community School District:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Whiting Community School District and of and for the year ended June 30, 2015, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated May 13, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Whiting Community School District's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Whiting Community School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Whiting Community School District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Responses, we identified deficiencies in internal control we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in Part I of the accompanying Schedule of Findings and Responses as items 15-I-A and 15-I-B to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Whiting Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on

compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However we noted certain immaterial instances of non-compliance or other matters which are described in Part II of the accompanying Schedule of Finding and Responses.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2015 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Whiting Community School District's Responses to the Findings

Whiting Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Responses. Whiting Community School District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Whiting Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

BURTON E. TRACY & CO., P.C.
Certified Public Accountants

May 13, 2016

WHITING COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Responses

Year ended June 30, 2015

Part I: Findings Related to the Financial Statements:

Internal Control Deficiencies:

15-I-A Segregation of Duties: The limited number of personnel makes it difficult to achieve adequate internal accounting control through the segregation of duties and responsibilities, such as recording and processing cash receipts, preparing checks and bank reconciliations, processing payroll, preparing and posting general journal entries, preparation of journals and general financial information for ledger posting, and the analysis of financial information. A small staff makes it difficult to establish an ideal system of automatic internal checks on accounting record accuracy and reliability, although we noted the District had taken steps to segregate duties between the present personnel. This is not an unusual condition but it is important the District officials are aware that the condition exists.

Recommendation: We realize segregation of duties is difficult with a limited number of office employees. However, the District should review its procedures to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including elected officials.

District Response: We will continue to review our procedures and implement additional controls where possible.

Conclusion: Response accepted.

15-I-B Financial Statement Preparation: Financial statement preparation is the responsibility of the District. At the present time District personnel do not have the skills necessary to be able to write the District's financial statements and the related note disclosures. This is not an unusual situation for small governmental entities.

Recommendation: District personnel should attend any governmental accounting and reporting training sessions that may be offered by the Iowa Department of Education, State Auditor's Office or Iowa Association of School Business Officials. The school business office should also have governmental accounting and reporting reference materials.

District Response: As a school we certainly understand the need for continuing education classes for all of our staff. However, we have a limited budget and must continually prioritize needs. At this point in time it is not cost effective to train our staff to the level necessary that would enable them to write the financial statements, nor is it feasible to hire additional employees that already possess the skills.

Conclusion: Response accepted.

Instances of Noncompliance:

No matters were reported.

WHITING COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Responses

Year ended June 30, 2015

Part II: Other Findings Related to Required Statutory Reporting:

- 15-II-A Certified Budget: Expenditures for the year ended June 30, 2015 did not exceed the certified budget amounts.
- 15-II-B Questionable Expenditures: No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- 15-II-C Travel Expenses: No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- 15-II-D Business Transactions: We noted no transactions between the District and District officials or employees.
- 15-II-E Bond Coverage: Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- 15-II-F Board Minutes: We noted no transactions requiring Board approval that had not been approved by the Board.
- 15-II-G Certified Enrollment: The number of resident students reported to the Iowa Department of Education at October 2014, was overstated by 1 student.
- Recommendation: The District should review its control procedures to ensure accurate counts in the future.
- District Response: We will continue to review our procedures and implement additional controls where possible.
- Conclusion: Response accepted.
- 15-II-H Supplementary Weighting: No variances regarding the supplementary weighting certified to the Department of Education were noted.
- 15-II-I Deposits and Investments: No instances of noncompliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.
- 15-II-J Certified Annual Report: The Certified Annual Report was certified to the Iowa Department of Education timely.
- 15-II-K Categorical Funding: No instances were noted of categorical funding being used to supplant rather than supplement other funds.
- 15-II-L Statewide Sales, Services and Use Tax: No instances of non-compliance with the allowable uses of the statewide sales, services and use tax revenue provided in Chapter 423F.3 of the Code of Iowa were noted.

WHITING COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Responses

Year ended June 30, 2015

Part II: Other Findings Related to Required Statutory Reporting (continued):

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2015, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

	\$	\$
Beginning balance		598,137
Revenues/transfers in:		
Sales tax revenues	162,943	
Other local revenues	<u>319</u>	163,262
Expenditures/transfers out:		
School infrastructure		<u>65,822</u>
Ending balance		<u><u>695,577</u></u>

For the year ended June 30, 2015, the District did not reduce any levies as a result of the moneys received under Chapter 423e or 423F of the Code of Iowa.

15-II-M Deficit Balances: The District has a deficit unrestricted net position of \$22,194 in the School Nutrition Fund at June 30, 2015.

Recommendation: The District should continue to monitor this account and investigate alternatives to eliminate the deficit.

District Response: We are working on ways to eliminate the deficit.

Conclusion: Response accepted.